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RUEHGB/AMEMBASSY BAGHDAD 0114  
RUEHNH/AMCONSUL NAHA 9106  
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RUHBABA/CG III MEF CAMP COURTNEY JA  
RUEHIN/AIT TAIPEI 6034  
RUHBANB/CG MCB CAMP BUTLER JA  
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA  
RUHBABA/CG THIRD MARDIV CAMP COURTNEY JA  
RHMFISS/COMUSJAPAN YOKOTA AB JA  
RUEKJCS/CJCS WASHINGTON DC  
RHHMUNA/HQ USPACOM HONOLULU HI  
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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 002975

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E.O. 12958: DECL: 05/29/2031

TAGS: [PREL](#) [MOPS](#) [MARR](#) [JA](#)

SUBJECT: PDAS STEPHENS DISCUSSES SECURITY ISSUES WITH DIET  
MEMBER KYUMA

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Classified By: Ambassador J. Thomas Schieffer. Reasons:1.4(b/d).

11. (C) Summary: During EAP PDAS Kathy Stephens' May 30 meeting with Diet member Fumio Kyuma, Kyuma called for increased defense industrial cooperation and underlined his support for concluding a bilateral agreement on protecting classified information. He said that Japan would be able to implement the recent agreement on Alliance transformation, while conceding that a difficult budget fight lay ahead. PDAS Stephens pushed for rapid progress on implementing the agreement and for a quick resumption of U.S. beef imports. Kyuma also predicted a lively summer of Japanese politics as the candidates to succeed Prime Minister Koizumi in September accelerate their political maneuvering, and criticized Shinzo Abe's positions toward China and DPRK sanctions. End Summary.

ENHANCING DEFENSE TRADE

12. (SBU) Kyuma, a senior parliamentarian who chairs the ruling Liberal Democratic Party's General Affairs Council, asserted to EAP PDAS Kathy Stephens on May 30 that Japan and the United States need to enhance bilateral defense trade and cooperation in science and technology. In response to PDAS Stephens' request for specific ideas, he said that each country should concentrate its efforts in areas where it possesses comparative advantage. The U.S. has particular expertise in software, while Japan is able to add value in both commercial and military electronic hardware. In addition to the economic rationale for such cooperation, continued Kyuma, there are social reasons: Japan's rapidly declining birthrate limits the number of future engineers. For closer defense industrial cooperation to occur, Kyuma recognized, Japan still must alter its export control policy to allow international sales of defensive weapons systems. Kyuma also raised the importance of concluding a bilateral General Security of Military Information Agreement. Japan must do a better job of protecting classified information, he

acknowledged, while calling for the U.S. to expand information sharing with Japan.

#### IMPLEMENTING THE ALLIANCE TRANSFORMATION AGREEMENT

13. (C) Asked for his outlook on implementation of the agreement of the Security Consultative Committee agreement on Alliance transformation, Kyuma downplayed the importance of local political consent, because all planned construction in Okinawa would take place within the confines of existing bases. The SACO agreement, made ten years earlier when Kyuma was Defense Minister, had not been self contained and was therefore stymied by objections from environmentalist and anti-base activists. Kyuma took credit for having insisted to Prime Minister Koizumi that this agreement be structured in a way that neutralized those factors.

14. (C) The biggest hurdle to implementation was financial, Kyuma stated. He disclosed that there had been "intense" discussions between the Cabinet Office, Ministry of Finance and Japan Defense Agency over whether the costs for implementing the alliance transformation agreement, particularly the cost of moving U.S. forces from Okinawa to Guam, would come from the Japan Defense Agency's budget or a separate budget line. Both a review of the mid-term defense plan and consideration of a separate funding framework, as had been done for SACO, would be necessary. Despite the funding difficulties, Japan would find a way to fulfill its commitment, he assured. Stephens expressed understanding for the difficulties involved in finding an acceptable budgetary formula while stressing U.S. appreciation for Kyuma's commitment to rapidly implementing the agreement.

#### KOIZUMI'S VISIT AND THE LDP LEADERSHIP CONTEST

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15. (C) Stephens pointed to Prime Minister Koizumi's upcoming visit to the United States as a good opportunity to highlight bilateral cooperation. Kyuma agreed, saying that the list of issues to be resolved by the Prime Minister's visit includes the "beef problem" and finding a new formula for Japan's Self Defense Forces to play a role in Iraq. The Air Self Defense Force will increase its tactical transportation role as the Ground Self Defense Deployment ends, explained Kyuma. Stephens said that when U.S. beef imports resumed we hoped to explore new areas for economic cooperation.

16. (C) As the meeting ended, Kyuma predicted that the summer would see "intense and loud" campaigning to succeed Prime Minister Koizumi. Kyuma described Chief Cabinet Secretary Abe as a "powerful candidate," but pointedly added that he wished Abe would be more flexible towards China and more realistic in his views on economic sanctions on North Korea, which Kyuma described as unworkable without broad international support, including that of China. "I wish he was a better listener" Kyuma concluded.

17. (U) PDAS Stephens cleared this cable.  
SCHIEFFER